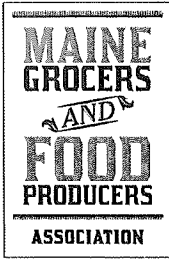


1954



Maine Grocers &  
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May 14, 2025

## IN SUPPORT – LD 1954 An Act to Lower Household Costs by Expanding the Sales Tax Exemption for Certain Grocery Staples Sold in Grocery Stores

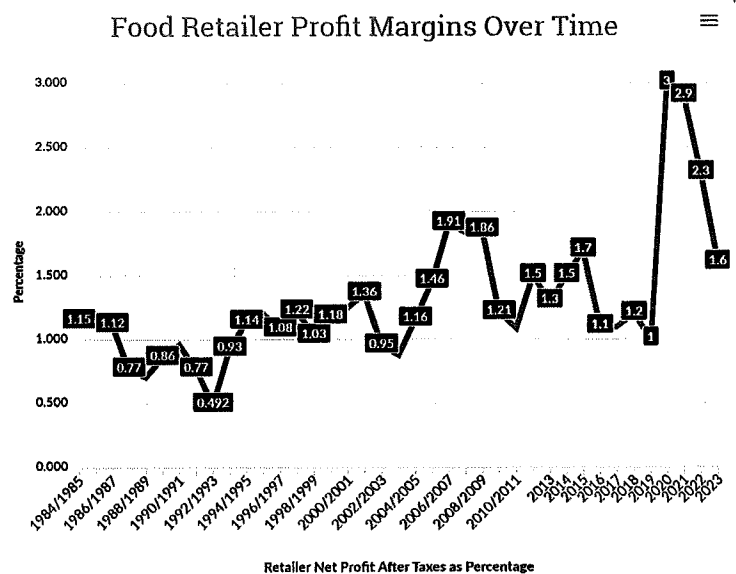
Dear Senator Grohoski – Chair, Representative Cloutier – Chair, and members of the Committee on Taxation,

My name is Christine Cummings and I am the Executive Director of the Maine Grocers & Food Producers Association (MGFPA). The Maine Grocers & Food Producers Association is a business trade association representing Maine's food community; Main Street businesses, including independently owned and operated grocery stores and supermarkets, food and beverage producers and processors, manufacturers, wholesalers, distributors, and supportive service companies.

We appreciate President Daughtry's thoughtful approach and for bringing forward LD 1954. "Food not only represents the third largest expense for the average American household but is also among the most visible in daily lives, making shoppers particularly sensitive to fluctuating prices."

Since January, food inflation has held steady at under 2%, staying below the broader inflation rate of 3%. We appreciate the opportunity to have ongoing dialogue around how to best define and strategize Maine's grocery staple items. We are supportive of the intent to remove sales tax from additional "supplemental meal items," which aligns with efforts to ease financial burdens on consumers.

"Food retailers and suppliers historically operate on narrow profit margins. At the same time, industry competition keeps retailers and suppliers constantly innovating to meet grocery shoppers' definition of value and differentiate themselves from their competitors. They are also reinvesting in their businesses to recruit and retain talent, adopting new technologies to provide better shopping experiences, and prioritizing initiatives that meet consumer demands for greater transparency and corporate social responsibility."<sup>1</sup>



<sup>1</sup> <https://www.fmi.org/our-research/research-reports/food-retailing-industry-speaks>

According to FMI's US Grocery Shopping Trends 2025 Report:

**"Eating well" is the logic of grocery shopping and the foundation of how shoppers think about "value" and choose food and beverage products.**



- People shop in order to eat. As an obvious truth, the goal is not simply sustenance. Rather, it is their aspiration to *eat well* that guides their choices about what to buy, how to cook, and where to shop.
- Although shoppers have their own definitions of "eating well," they share common themes. These include needs, priorities and values such as health and nutrition, interest in cooking fresh and healthful food, sharing meals and eating ethically.



**Even against rising prices, shoppers are willing to invest in four key needs related to eating well: Health, Entertainment, Exploration and Convenience.**

- Health is the strongest driver of spending. Nearly half (46%) of shoppers say they anticipate eating more healthfully in the future. It is also an underlying attribute of how shoppers define "basic food needs."
- Some budget areas seemingly unconnected to food are discretionary not only in how much shoppers allocate but also in where they invest their dollars, with food well positioned to attract new spending. Shoppers will sometimes carve out room in their budgets for food experiences that provide entertainment (e.g., in lieu of movies) or opportunities for exploration (e.g., in lieu of travel).
- Convenience remains important as shoppers value solutions that remove friction in the pursuit of their eating aspirations and goals.

"Over the past five years, U.S. shoppers have faced major disruptions — from the COVID-19 pandemic and its lifestyle upheavals to rising prices driven by inflation and supply chain issues. Although inflation eased by 2024, costs have remained a burden. By early 2025, new worries emerged as 78% of shoppers expressed concern over proposed tariffs."

## **"Eating well" is the logic of food shopping**



**Shopper image: "My Basic Necessities"**

My philosophy is that food is an important part of life, but it also has to serve your life. I guess it derives from the time I have spent abroad, where food is central to the daily rhythm of life, and where people really cook what they eat on a daily basis, from raw, or minimally processed ingredients.

—SK, Male, 63

Shoppers don't just buy food to fill their pantries or for sustenance. They shop to fulfill a range of needs and desires: to support their health, to express care for loved ones, to connect with others, to find comfort and joy, to discover new products and explore new cuisines and cultures, to live out their values and ethics. **In short, they shop to "eat well."**

Retailers often face challenges when required to update sales tax figures in their point-of-sale (POS) systems, as it can be both time-consuming and costly. However, in the case of LD 1954, we believe this inconvenience is outweighed by the benefits of reclassifying more items as grocery staples. Doing so would help Maine families save money on everyday purchases and may even encourage the purchase of items that might otherwise be left behind due to cost.

While the per-purchase tax savings may seem modest, these changes also reduce swipe fees—typically 3–4% of the total transaction—that retailers must pay to process credit cards. This provides additional relief to Maine’s grocery businesses, who shoulder these costs to the benefit of large credit card companies.

We recognize the financial challenges associated with this proposal and understand the constraints that presents. That said, we truly value the opportunity to engage in this conversation. Whether it evolves into a formal stakeholder role or simply takes shape as a workgroup, we appreciate your willingness to explore the possibilities together. We look forward to the opportunity to continue this conversation as a solution to pricing relief for Maine consumers and an opportunity for the Maine food market to modernize.

Thank you for the opportunity to testify.

A handwritten signature in black ink that reads "Christine Cummings". The script is cursive and fluid.

Christine Cummings, Executive Director,  
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## Health, Entertainment, Exploration and Convenience are important purchase drivers and ways that shoppers justify their food spending

### HEALTH

Of all the reasons shoppers give for feeling good about their spending or justified in spending more, health and nutrition are at the top. Shoppers tend to think about healthy and nutritious food as “investments” that pay off in terms of supporting short and long-term health and potentially minimizing costs associated with health conditions.



I do justify the extra expense when it comes to healthy food. I want my children to eat healthier so it's something they do out of habit as they grow older. —JS, Female, 54

### ENTERTAINMENT

Entertainment straddles, and can even blur, the line between foods that are necessary and discretionary. Shoppers often see pleasure, enjoyment and relaxation as needs, not just wants — justified rewards for their hard work. They also see entertainment as an important part of family life. For example, parents may consider their child's favorite snack or treat as a necessity rather than an indulgence because treats are rites of childhood. At the same time, parents also value the distraction and reprieve that snacks and treats can offer to them and to their kids.



I consider things like spending on popcorn/soda at the movies or dining out while on vacation as different categories, not groceries. I guess I'd consider them 'leisure, entertainment, travel activities' because they are not done at home.

—RK, Female, 30

### EXPLORATION

While shoppers have staple categories, products and even brands that form essential parts of their food lives, many also value discovery and novelty. Searching for or running across unexpected finds adds excitement and can be a form of travel, a way to connect to other cultures and culinary traditions and a source of cooking inspiration.



Sometimes I see something while shopping that I didn't even know I wanted to try, and I think I get value out of those situations.

—RB, Male, 33

### CONVENIENCE

Shoppers are strategic about the tradeoffs they have to make between cost, on one hand, and time and energy, on the other. While rising prices impact the perceived value of convenience foods and services (including eating out and prepared foods), shoppers still find ways to justify these expenses to the extent that these solutions serve to meet other needs such as health, cooking homemade meals, enjoyment and exploration.



Getting food delivered has value because I'm paying for the convenience of not having to throw on proper clothes, not being social when I don't want to be and not having to drive to get what I want to eat.

—JP, Non-binary, 31